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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re : **Chapter 11**
:
LEHMAN BROTHERS HOLDINGS INC., et al. : **Case No. 08-13555 (JMP)**
:
Debtors. : **Jointly Administered**

**STATEMENT OF AD HOC GROUP OF LEHMAN BROTHERS CREDITORS
IN SUPPORT OF DEBTORS' MOTION FOR AUTHORIZATION AND APPROVAL OF
A SETTLEMENT AGREEMENT WITH THE INSOLVENCY ADMINISTRATOR
OF LEHMAN BROTHERS BANKHAUS AG (IN INSOLVENZ)**

TO THE HONORABLE JAMES M. PECK,
UNITED STATES BANKRUPTCY JUDGE:

The Ad Hoc Group of Lehman Brothers Creditors (the “Group”), by and through its undersigned counsel, hereby files this statement in support of the Debtors’ Motion Pursuant to Sections 105 and 363 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 9019 for Authorization and approval of a Settlement Agreement with the Insolvency Administrator of Lehman Brothers Bankhaus AG (In Insolvenz) (the “Motion”) [Docket No. 6303] filed by Lehman Brothers Holdings Inc. (“LBHI”) and its affiliated debtors (collectively, the “Debtors”) in the above-referenced chapter 11 cases. In support of the Motion, the Group respectfully states as follows:

STATEMENT

1. By the Motion, the Debtors seek this Court's approval of a settlement agreement among the Lehman Parties¹ and the LBB InsAdmin, resolving the current uncertainty surrounding the ownership of certain commercial and real estate loans that are subject to Participations. According to the Debtors, the purchase price of \$1.38 billion, for the loans and Participations being acquired by the Lehman Parties, is below both the aggregate outstanding principal balance of the loans as well as their aggregate current "market" value, providing the Debtors with an opportunity for a considerable profit. (See Motion ¶ 4.)

2. As in past instances where the Debtors have sought the Court's authority to establish certain procedures or consummate significant transactions with third parties, the Group engaged in discussions with the Debtors, the Creditors' Committee and their respective professionals, regarding the relative merits of the proposed transaction. This process previously resulted in the Group publicly supporting a number of the Debtors' requests.² Even where the Group did not take a formal position in support of a particular transaction, such as with respect to LBHI's request for authorization to make a capital contribution to Aurora Bank, the Group reviewed the proposed motion, engaged in discussions with the Debtors and the Committee and ultimately concluded that the proposed transaction was in the best interests of the Debtors, their estates and creditors. Because of the significance of the transactions contemplated by this

¹ Capitalized terms used, but not defined herein, shall have the meaning ascribed to such terms in the Motion.

² See, e.g., Statement of Ad Hoc Group of Lehman Brothers Creditors in Support of Debtors' Motion, as Revised Authorizing the Establishment of Procedures to Terminate Unfunded Commitments and Restructure Corporate Loan Agreements [Docket No. 3744]; Statement of Ad Hoc Group of Lehman Brothers Creditors in Support of Debtors' Motion, as Revised, for Authorization to Implement Alternative Dispute Resolution Procedures for Affirmative Claims of Debtors Under Derivative Contracts [Docket No. 4625]; Statement of Ad Hoc Group of Lehman Brothers Creditors in Support of Motion of Lehman Commercial Paper Inc. Pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 6004 for Authorization to Purchase Fairpoint Participation [Docket No. 5357]; and Statement of Ad Hoc Group of Lehman Brothers Creditors in Support of Debtors Motion for Authorization to Implement the Derivatives Employee Incentive Program [Docket No. 6208].

Motion, the Group concluded that it would be constructive to inform the Court that the Motion has undergone substantial, third party creditor review in addition to being reviewed by the Creditors' Committee.

3. With respect to the Motion, like the Creditors' Committee, the Group was initially concerned that the Debtors were making a substantial investment to acquire assets when the Debtors should otherwise be liquidating assets. The Group, however, understands that the settlement agreement resolves a potentially costly and protracted dispute among the Lehman Parties and the LBB InsAdmin over the ownership of the Loans through the purchase of the Loans at a discount and the elimination of potentially substantial claims against the estates stemming from both the Participations and the Security & Collateral Agreement. Said another way, rather than being a pure purchase of assets, the Group has analyzed this Motion as a proposed resolution of disputes whereby the Debtors receive value in the form of the Loans, the LBB InsAdmin receives value in the form of cash, and the parties release and liquidate certain other claims. Accordingly, based on its review of publicly available information, the Group believes when viewed in the context of the whole, the settlement is fair and reasonable and represents a net positive to the estates.

WHEREFORE, for the foregoing reasons, the Group supports approval of the Motion.

Dated: January 12, 2010
New York, New York

Respectfully submitted,

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